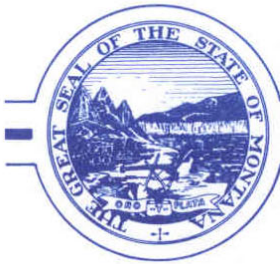


DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES



JUDY MARTZ
GOVERNOR

GAIL GRAY, Ed.D.
DIRECTOR

STATE OF MONTANA

October 23, 2003

Thomas Scully, Administrator
Centers for Medicare and Medicaid Services (CMS)
Department of Health and Human Services
7500 Security Boulevard
Baltimore, Maryland 21244

Dear Mr. Scully:

Enclosed is Montana's Section 1115 waiver application for health care reform. The 1115 waiver is a request to waive the amount, duration and scope of services, Section 1902 (a)(10)(B) of the Social Security Act. It is our intention to provide a limited Medicaid benefit package of optional services for those adults age 21 to 64, who are not pregnant or disabled, and who are eligible for Medicaid under Sections 1925 or 1931 of the Social Security Act.

In 1996, under the authority of a welfare reform waiver, the State of Montana implemented Families Achieving Independence in Montana (FAIM). A component of the FAIM waiver included the same limited Medicaid benefit package of optional services for the same population we are requesting in the attached 1115 waiver proposal. Per confirmation from Mr. Mike Fiore, CMS, the FAIM waiver expires on January 31, 2004. It is imperative to our state to secure an approval prior to the expiration of the FAIM waiver. Without the approval of the 1115 waiver, expenditures to the state and federal governments will increase significantly and Montana will be forced to eliminate many of the optional services for all adults; drastic cost containment measures we would like to avoid.

I am very grateful for the involvement from CMS staff in working directly with my staff. My staff is available to respond to your questions and provide additional information. Ms. Jane Bernard is the lead staff involved with the 1115 waiver proposal. Her direct telephone number is 406-444-0143. We look forward to discussing our waiver with you.

Sincerely,

John Chappuis, Medicaid Director
Montana Department of Public Health and Human Services

Cc Jane Bernard
 Mike Fiore
 Tim Roe
 Sidney Triegor
 Trina Boyce